

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01212A
Valencia Water Company, Inc.
21410 N. 19th Ave., Suite 201
Phoenix, AZ 85027

RECEIVED

APR 14 2008

ARIZONA CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
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FOR COMMISSION USE

ANN 04	07
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PROCESSED BY:

4-21-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Valencia Water Company Inc.

Mailing Address 21410 N 19th Ave., Suite 201
(Street)

Phoenix

(City)

AZ

(State)

85027

(Zip)

623-580-9600

Telephone No. (Include Area Code)

623-580-9659

Fax No. (Include Area Code)

602-615-4532

Cell No. (Include Area Code)

Email Address: graham.symmonds@gwresources.com

Local Office Mailing Address SAME
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Graham Symmonds CTO & SVP, Regulatory Affairs & Compliance
(Name) (Title)

21410 N 19th Ave., Suite 20

(Street)

Phoenix

(City)

AZ

(State)

85027

(Zip)

(623) 580-9600

Telephone No. (Include Area Code)

(623) 580-9659

Fax No. (Include Area Code)

Cell No. (Include Area Code)

On Site Manager: SAME
(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Andy Abraham, Burch & Cracchiolo PLC
(Name)

702 East Osborn, Suite 200 Phoenix AZ 85014
(Street) (City) (State) (Zip)

(602) 274-7611 (602) 234-0341
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Tim Sabo, Roshka DeWulf & Patten, PLC
(Name)

400 East Van Buren, Suite 800 Phoenix AZ 85004
(Street) (City) (State) (Zip)

(602) 256-6100 (602) 256-6800
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address: _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
303	Land and Land Rights	38,474	0	38,474
304	Structures and Improvements	465,203	31,831	433,372
307	Wells and Springs	518,404	82,240	436,164
310	Power Generation Equipment	14,261	713	13,548
311	Pumping Equipment	6,411,251	330,117	6,081,134
320	Water Treatment Equipment	3,391,899	64,448	3,327,451
330	Distribution Reservoirs and Standpipes	2,490,093	231,526	2,258,567
331	Transmission and Distribution Mains	9,537,429	720,260	8,817,169
333	Services	1,082,096	114,879	967,217
334	Meters and Meter Installations	1,299,277	135,935	1,163,342
335	Hydrants	781,472	67,013	714,459
336	Backflow Prevention Devices	7,540	665	6,875
339	Other Plant and Misc. Equipment	10,669	391	10,278
340	Office Furniture and Equipment	43,459	13,371	30,088
341	Transportation Equipment	275,038	76,643	198,395
343	Tools, Shop and Garage Equipment	65,998	17,771	48,227
344	Laboratory Equipment	41,176	227	40,949
345	Power Operated Equipment	55,587	5,269	50,318
346	Communication Equipment	17,967	2,514	15,453
347	Miscellaneous Equipment	7,506	1,460	6,046
348	Other Tangible Plant	391,186	10,469	380,717
	TOTALS	26,945,985	1,907,742	25,038,243

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
303	Land and Land Rights	38,474	0.00%	0
304	Structures and Improvements	465,203	2.40%	10,848
307	Wells and Springs	518,404	3.20%	16,355
310	Power Generation Equipment	14,261	5.00%	713
311	Pumping Equipment	6,411,251	3.60%	140,913
320	Water Treatment Equipment	3,391,899	3.60%	61,519
330	Distribution Reservoirs and Standpipes	2,490,093	2.00%	49,794
331	Transmission and Distribution Mains	9,537,429	2.00%	149,042
333	Services	1,082,096	3.30%	32,953
334	Meters and Meter Installations	1,299,277	3.40%	40,412
335	Hydrants	781,472	2.00%	15,180
336	Backflow Prevention Devices	7,540	6.67%	463
339	Other Plant and Misc. Equipment	10,669	6.67%	377
340	Office Furniture and Equipment	43,459	6.80%	2,082
341	Transportation Equipment	275,038	20.00%	68,764
343	Tools, Shop and Garage Equipment	65,998	5.00%	3,101
344	Laboratory Equipment	41,176	5.00%	182
345	Power Operated Equipment	55,587	5.00%	4,280
346	Communication Equipment	17,967	5.00%	718
347	Miscellaneous Equipment	7,506	10.00%	1,207
348	Other Tangible Plant	391,186	10.00%	10,009
	Plus Depreciation on Non-Utility Assets			2,788
	TOTALS	26,945,985		611,700

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 210,273	\$ 989
132	Special Deposits	0	83,936
135	Temporary Cash Investments	31,503	0
141	Customer Accounts Receivable	201,246	342,510
142	Other Accounts Receivable		12,161
143	Accumulated Provision for Uncollectible Accounts		(30,654)
151	Plant Material and Supplies	121,205	37,541
162	Prepayments	23,278	19,372
173	Accrued Utility Revenue	5,626	49,074
125	Other Investments		12,212
174	Miscellaneous Current and Accrued Assets	326,942	0
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 920,073	\$ 527,140
	FIXED ASSETS		
101	Utility Plant in Service	\$ 14,837,694	\$ 26,945,985
103	Property Held for Future Use	0	0
105	Construction Work in Progress	5,322,097	4,915,828
108	Accumulated Depreciation – Utility Plant	(1,260,738)	(1,907,742)
121	Non-Utility Property	40,879	41,133
122	Accumulated Depreciation – Non Utility	(7,582)	(10,370)
	TOTAL FIXED ASSETS	\$ 18,932,350	\$ 29,984,834
	OTHER ASSETS		
114	Utility Plant Acquisition Adjustment	\$	\$ (1,040,094)
	TOTAL ASSETS	\$ 19,852,423	\$ 29,471,880

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 466,842	\$ 527,811
232	Notes Payable (Current Portion)	53,853	105,690
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	103,060	129,687
236	Accrued Taxes	40,967	40,666
237	Accrued Interest	4,730	17,104
241	Miscellaneous Current and Accrued Liabilities	543,423	888,583
253	Other Deferred Credits	0	52,862
	TOTAL CURRENT LIABILITIES	\$ 1,212,875	\$ 1,762,403
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 127,990	\$ 2,044,738
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	20,696,329	23,294,640
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	448,550	448,550
272	Less: Amortization of Contributions	(67,129)	(80,586)
281	Accumulated Deferred Income Tax	0	0
283	Accumulated Deferred Income Tax - Other	0	64,050
	TOTAL DEFERRED CREDITS	\$ 21,077,750	\$ 23,726,655
	TOTAL LIABILITIES	\$ 22,418,615	\$ 27,533,796
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 35,057	\$ 0
211	Paid in Capital in Excess of Par Value	(4,113,955)	765,569
215	Retained Earnings	1,512,706	1,172,516
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	TOTAL CAPITAL	\$ (2,566,192)	\$ 1,938,084
	TOTAL LIABILITIES AND CAPITAL	\$ 19,852,423	\$ 29,471,880

COMPANY NAME: VALENCIA WATER COMPANY**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,998,471	\$ 2,010,456
460	Unmetered Water Revenue	0	0
465	Sales to Irrigation Customers		470,479
471	Miscellaneous Service Revenues		159,091
474	Other Water Revenues	144,063	0
	TOTAL REVENUES	\$ 2,142,534	\$ 2,640,025
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 211,132	\$ 0
610	Purchased Water	0	0
615	Purchased Power	208,192	285,587
616	Fuel for Power Production	858	3,028
618	Chemicals	17,440	40,684
620	Repairs and Maintenance	21,785	71,177
621	Office Supplies and Expense	48,295	0
630	Outside Services	530,199	0
634	Contractual Services – Management Fees	0	554,454
635	Water Testing	13,509	21,148
636	Contractual Services - Other	0	10,551
641	Rents	14,260	7,395
642	Rental of Equipment	0	2,510
650	Transportation Expenses	46,054	0
657	Insurance – General Liability	0	0
659	Insurance - Health and Life	0	1,500
604	Employee Pension & Benefits	27,032	0
666	Regulatory Commission Expense – Rate Case	0	0
670	Bad Debt Expense	0	26,330
675	Miscellaneous Expense	30,583	23,800
403	Depreciation Expense	289,524	611,700
408	Taxes Other Than Income	19,075	0
408.10	Taxes Other Than Income – Utility Regulatory Assmt	0	2,995
408.11	Property Taxes	63,630	92,104
408.13	Taxes Other Than Income – Other Taxes & Licenses		2,555
409	Income Tax	60,000	0
	TOTAL OPERATING EXPENSES	\$ 1,601,568	\$ 1,757,519
	OPERATING INCOME/(LOSS)	\$ 540,966	\$ 882,506
	OTHER INCOME/(EXPENSE)		
414	Gains (Losses) from Disposition of Utility Property		
419	Interest and Dividend Income	\$ 43,555	\$ (18,961)
421	Non-Utility Income	54,609	169
426	Miscellaneous Non-Utility Expenses	(5,770)	0
427	Interest Expense	(20,614)	(35,879)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 71,780	\$ (54,672)
	NET INCOME/(LOSS)	\$ 612,746	\$ 827,835

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	8/1999	2/2006	9/2005	6/1997
Source of Loan	WIFA	WIFA	Golden Eagle	CoBank
ACC Decision No.	60832	68336	-	60081
Reason for Loan	Well Site Upgrade	Arsenic Treatment	Buckeye Office Building	Refinance Purchase
Dollar Amount Issued	\$ 67,000	\$ 2,435,474	\$ 140,000	\$ 280,000
Amount Outstanding	\$ 46,495	\$ 2,063,933	\$ 40,000	\$ -0-
Date of Maturity	6/2019	6/2026	9/2008	5/2012
Interest Rate	5.81%	6.75%	5.5%	Variable 8.0%
Current Year Interest	\$ 2,776	\$ 12,032	\$ 4,950	\$ -0-
Current Year Principle	\$ 2,896	\$ 246,279	\$ 50,000	\$ -0-

Meter Deposit Balance at Test Year End	<u>\$ 1,213,586.80</u>
Meter Deposits Refunded During the Test Year	<u>\$ 145,741.10</u>

COMPANY NAME: Valencia Water Company						
Name of System: 07-078			ADEQ Public Water System Number: 07-078			

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-207806(4 th Central)	25	400	560	84		
55-607656(4 th Baseline #1)	10	80	490	6	2	
55-577508(4 th Baseline #2)	60	600	620	8	2	
55-607658(7 th Alarcon #1)	15	80	625	6	2	
55-599950(7 th Alarcon #2)	50	250	610	10		2004
55-202400 (Bales School)	50	30	620	11		
55-2001055(Riata West 1)	Not Active	425	640	11		
55-202399(Riata West 2)	Not Active	525	660	11		
55-203651(Evergreen #1)	Not Active	300	520	11		
55-203650(Evergreen #2)	Not Active	700	800	10		
55-205540(Evergreen #3)	Not Active	450	740	11		
55-599204(Blue Hills #1)	20	110				2004
55-592220(Blue Hills #2)	60	350	900	10 ¾		
55-595258(Sonoran Vista SW)	100	500				
55-200564(Sonoran Vista SE)	Not Active					
55-201740(Sonoran Vista NE)	150	750				
55-595289(AZ Machinery)	Not Active					
55-203643(Schult #1)	Not Active		535	11		
55-203620(Schult #2)	Not Active		200	3		
55-206355(Evergreen #4)	Not Active		760	11		
55-207988(Evergreen #5)	Not Active		820	11		
55-201739(Crystal Vista)	Not Active		650	11		
55-206042(Montana Vista)	Not Active		1,000	11		
55-201726(Miller Manor)	Not Active		800	10		

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	8	164	
15	8		
5	2		
20	3		
30	3		
40	6		
50	4		
60	2		
100	2		
150	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
750,000	1	5,000	5
500,000	2	4,000	1
190,000	1	2,000	1
180,000	1	1,000	1
100,000	1	6,000	1
215,000	1		
800,000	1		
1,000,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Valencia Water Company

Name of System: Valencia Water Company

ADEQ Public Water System Number: 07-0780

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	525
3	PVC	6,675
4	PVC	52,731
5		
6	PVC	51,850
8	PVC	85,930
10		
12	PVC	1906
6	DIP	382
8	DIP	155
16	DIP	16,123
18	DIP	60

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	4243
3/4	370
1	102
1 1/2	12
2	67
Comp. 3	2
Turbo 3	0
Comp. 4	1
Turbo 4	0
Comp. 6	1
Turbo 6	0
Hydrant	29

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

ArsenX treatment systems

7TH & Alarcon

Bales

Blue Hills

4th & Baseline

4th & Central

Coagulation Filtration System

Sonoran Vista

STRUCTURES:

Local Office structure - storage, office space etc (201 E Coronado, Buckeye)

Block Walls around well sites and booster stations

OTHER:

10 Utility Vehicles

1 Dump Truck

1 Backhoe

1 Trackhoe

3 Trailers

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Valencia Water Company	
Name of System:	ADEQ Public Water System Number: 07-078

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	3,960	30,035	37,033	
FEBRUARY	4,018	31,955	34,114	
MARCH	4,052	40,384	42,259	
APRIL	4,082	42,804	48,237	
MAY	4,107	47,010	61,796	
JUNE	4,197	65,157	61,608	
JULY	4,321	54,001	72,187	
AUGUST	4,468	83,397	61,803	
SEPTEMBER	4,591	52,875	67,852	
OCTOBER	4,629	47,568	57,756	
NOVEMBER	4,746	45,488	44,883	
DECEMBER	4,827	29,686	33,805	
TOTALS →		570,360	623,333	

What is the level of arsenic for each well on your system? See below mg/l
(If more than one well, please list each separately.)

ADWR #55-607658 (7 th & Alacron #1) Not Active	ADWR #55-203651 (Evergreen #1) 21ppb EPDS 005-7.9 ppb
ADWR #55-607657 (4 th & Central) 19 ppb EPDS 002- 6 ppb	ADWR #55-203650 (Evergreen #2) 9ppb EPDS 005-7.9 ppb
ADWR #55-607656 (4 th & Baseline #1) Not Active	ADWR #55-205540
ADWR #55-577508 (4 th & Baseline #2) 28 ppb EPDS 003- 8 ppb	ADWR #55-599204 (Blue Hills #1) 38ppb EPDS 004- 8.5 ppb
ADWR #55-599950 (7 th & Alacron #2) 15 ppb EPDS 001- 7ppb	ADWR #55-592220 (Blue Hills #2) 3ppb
ADWR #55-202400 (Bales) 14 ppb EPDS 006- 7 ppb	ADWR #55-201739 (Crystal Vista) 12ppb EPDS 005-7.9 ppb
ADWR #55-201055 (Riata West #1) 24ppb (Future) EPDS 5	ADWR #55-201740(Sonora Vista NE) 25 ppb EPDS 005-7.9 ppb
ADWR #55-202399 (Riata Well #2) 47ppb EPDS 5	ADWR #55-595258(Sonora Vista SW)21 ppb EPDS 005-7.9 ppb
ADWR #55-206042 (Montana Vista) Future EPDS 005-7.9 ppb	ADWR #55-200564 (Sonora Vista SE) 44 ppb EPDS 005-7.9 ppb

If system has fire hydrants, what is the fire flow requirement? 1,000 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(X) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: VALENCIA WATER COMPANY YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: **\$72,304.86**

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

APR 17 2008

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) COUNTY OF (COUNTY NAME)	Maricopa County
NAME (OWNER OR OFFICIAL) TITLE	Cindy Liles, CEO/SVP – Growth Management
COMPANY NAME	Valencia Water Company

AZ CORP COMM
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Cindy M Liles
SIGNATURE OF OWNER OR OFFICIAL

603-530-9100
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

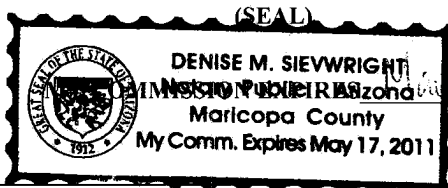
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15TH

DAY OF

COUNTY NAME	<u>Maricopa</u>	
MONTH	<u>APRIL</u>	<u>2008</u>



Denise M Sievwright
SIGNATURE OF NOTARY PUBLIC

APR 17, 2008

COMPANY NAME: VALENCIA WATER COMPANY **YEAR ENDING 12/31/2007**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$1,199,132</u>
Estimated or Actual Federal Tax Liability	<u>\$380,125</u>

State Taxable Income Reported	<u>\$1,199,132</u>
Estimated or Actual State Tax Liability	<u>\$82,740</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	-0-
Amount of Gross-Up Tax Collected	-0-
Total Grossed-Up Contributions/Advances	-0-

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Cindy M Liles
SIGNATURE

4-15-08
DATE

Cindy M Liles
PRINTED NAME

SVP- CFO
TITLE

RECEIVED

APR 15 2008

2 CORP COMM
Director Utilities

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Maricopa County
NAME (OWNER OR OFFICIAL) TITLE
Cindy Liles, CFO/SVP Growth Management
COMPANY NAME
Valencia Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$2,670,378

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$189,444
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Cindy M Liles

SIGNATURE OF OWNER OR OFFICIAL

1123-580-9600

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

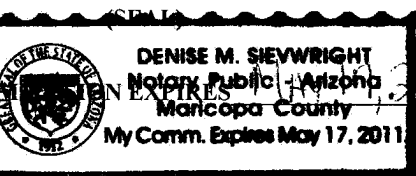
THIS

15TH

DAY OF

COUNTY NAME	MARICOPA	
MONTH	APRIL	.2008

MY COMMISSION



DENISE M. SIEWWRIGHT

Notary Public - Arizona

Maricopa County

My Comm. Expires May 17, 2011

Denise M Sievwright

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED

APR 17 2008

ARIZONA CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Maricopa County	
NAME (OWNER OR OFFICIAL) Cindy Liles	TITLE CFO& SVP- Growth Management
COMPANY NAME Valencia Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$1,776,044.89

THE AMOUNT IN BOX AT LEFT

INCLUDES **\$126,253.97**

IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Cindy M Liles

SIGNATURE OF OWNER OR OFFICIAL

623 580 9600

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

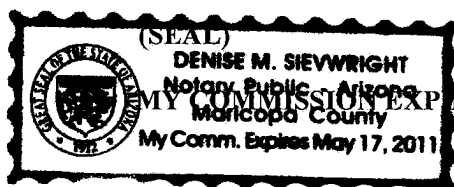
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

DAY OF

NOTARY PUBLIC NAME <i>Denise M Sievwright</i>	
COUNTY NAME <i>MARICOPA</i>	
MONTH <i>APRIL</i>	YEAR <i>2008</i>



DENISE M. SIEWWRIGHT
Notary Public, Arizona
Maricopa County
My Comm. Expires May 17, 2011

MAY 17, 2011

X

Denise M Sievwright

SIGNATURE OF NOTARY PUBLIC